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They said Texas hospitality leans toward the overwhelming, and you have not disappointed. Your expressions of welcome have been very-warming. I appreciate them.

Perhaps I feel so welcome because all of us sense the reality of our partnership. All of us are vitally interested in the National Forests--you as users and me, as a manager, in the broadest sense.

For the past 2 years, also, we have been partners in court. That's about as good a way to get acquainted as any that will come along. Then, a little more than a week ago, we won our case--in the U.S. Court of Appeals for the Fifth Circuit. Winning that appeal means that the people have won the right to have their forests in Texas managed in the best way possible.

People have been known to disagree in the West--sometimes even in Washington, D.C.--and I respect the right of conservationists to disagree with our forest supervisors on the best way to run a forest. Long-term environmental quality goals must be provided for in all forest management plans. This is required by the statutes under which we administer these public lands. But the court reminded us that there is a time and a place for everything, when it said: "The Supreme Court has recently reminded lower federal courts that fundamental policy questions appropriately resolved in Congress and the state legislatures are not subject to re-examination in the federal courts under the guise of judicial review of agency action."

Not that National Forest management is above review; it is constantly being reviewed, by all concerned, and public participation is vigorously solicited. I will discuss some of our current efforts in that area in a moment.

Meanwhile, let's proceed with today's best conservation and management techniques in the National Forests of Texas. We are resuming normal timber sales--under the guidelines of Sen. Church for clearcutting, which we have been following for some time nationally. Under them, we're protecting watercourses, wildlife habitats and aesthetics as well as producing forest products. It will take another month to review sales, make appraisals and so on, before we actually advertise any sales.

Let us turn, also, to the definition and integration of our roles in resource planning and management through the opportunities provided in the Resources Planning Act, the National Forest Management Act, and the regulations which are being drafted.

Remarks by Dr. M. Rupert Cutler, Assistant Secretary of Agriculture for Conservation, Research, and Education, at the Texas Forestry Association meeting in Cleveland, Texas, on May 19, 1978, at 1:30 p.m. CDT.

In the last 5 years we have seen a record number of lawsuits filed involving the National Forests. I hope we are nearing the end of such extensive judicial-branch involvement in forestry. . .not because I "want to be left alone" but because I anticipate that the forestry practiced by the Forest Service will be so excellent that few will want to sue us!

Comprehensive, multi-objective resource-use planning long has been the foundation of National Forest management. When it comes to planning resource use of the public lands for the greatest public good, no agency is more experienced than the Forest Service. Now the Service has been given the green light to make its land and resource management planning even more all-inclusive. The signals for this were the Resources Planning Act, with its requirement for periodic Assessments and Program, coupled with the National Forest Management Act.

Next month we hope to issue a draft of the proposed regulations to guide implementation of the land and resource management planning provisions of the National Forest Management Act. To tap some of the best and brightest minds in resource policy today--and to cover a broad spectrum of viewpoints--the law required that we appoint a committee of scientists to advise us on the regulations.

The committee has seven members--and its make-up is as varied as we could make it. The seven scientists--who cannot be Forest Service employees--have a wide variety of backgrounds. Their specialties include ecology, range science, forest management and use, entomology, wildlife management, soil science, and forestry economics.

Some people have been uncertain about the role of the committee. Was it to be a rubber stamp or a dictator? The role lies in between. It is an advisory role--advisory to me and the Secretary. Yet we are listening to its advice with a great deal of respect and appreciation for its members' qualifications.

Although the committee's charter says that its deliberations shall embrace all parts of Section 6 of the act, which deals with land management planning, the committee also has advised us on other sections of the act.

I'm also listening to other resource professionals. For example, the paper entitled "An Integrated Approach to National Forest Management," presented recently by Drs. John Krutilla and John Haigh of Resources for the Future has impressed me with its thoughtfulness. Krutilla and Haigh observed:

First, the theoretical literature of utilitarian political economy suggests that the function of a public resource management agency is to compensate for the market failure that would be expected in an unregulated market regime.

Second, if this is the justification for public intervention, then a coherent management philosophy consistent with a benefit-maximizing criterion is required.

Third, efficient resource allocation criteria underlie the basic legislation governing the management of national forest lands, so that there is no necessary conflict between efficiency objectives and the legislation.

Fourth, implementing the efficiency criterion contained in the national forest legislation involves writing appropriate regulations and planning land use.

We will continue to seek input from all those interested in renewable resources as we develop our processes for resource planning and land management.

We envision three planning levels: national, regional and forest. This resembles the structure we used in preparing the RPA Assessment and Program for 1975.

The regional role has been strengthened to supply much-needed linkages between national and forest plans.

Two hallmarks of the planning, as specified in the law, will be interdisciplinary planning teams and intensive public involvement. In fact, we are proposing that public participation be initiated by written notification as soon as a team is directed to begin developing or revising any plan. We also will coordinate our plans, to the extent possible, with those of other agencies including state agencies.

The formulation of the regulations began with an interdisciplinary approach. Over 100 people, most of them working on National Forests, were asked to define the problems they saw and experienced and how they thought the problems could be solved. The papers covered most aspects of land and resource planning, such as fish and wildlife, livestock grazing, recreation, timber, water, wilderness, transportation, fire protection, and land adjustment.

Many planning theories and concepts were examined to ensure that the planning process was theoretically sound and in tune with the latest thinking.

The general public was fully embraced in the process. There have been 10 open public meetings of the committee of scientists with interest groups actively participating. They were held in various parts of the country so that anyone interested could attend at least one or two meetings without extensive travel.

The open dialogue and exchange of viewpoints at these meetings have shown me that various interests can work together to achieve an end that meets their needs to the extent possible.

Implementing the regulations will conjure up an even greater challenge of transforming policy and philosophy into on-the-ground, workable reality.

The regulations will require a considerable change from existing planning in terms of policy, procedures, products, and implementation requirements.

Many features developed in the regulations are innovative and dynamic, and have not been tested. Such conceptual and procedural changes demand that we retrain and reorient regional and forest personnel involved in planning. In some instances, we may even need to change organization structures.

Since the changes will be great, we are asking regions to help select "lead forests" to prepare prototype plans and design models for forest plans over the next 12 to 18 months. An idea may look good on paper, and be designed by a computer, but there's nothing like real-life experience to find weaknesses in it.

As Justice Brandeis said, even the Court "bows to the lessons of experience and the force of better reasoning" and recognizes the value of the process of trial and error. Frankly, we want both our trials and our errors to be made well before all 154 National Forests plunge into a major new planning process.

The "lead forest" concept strives to achieve three goals:

--First, it will test the operational requirements written into the National Forest Management Act Section 6 regulations.

--It will demonstrate that one year is enough time in which to meet the requirements and prepare a Draft Environmental Statement.

--And, it will document the process, procedures, methods and products used to prepare a forest plan. Thus, we won't have 154 National Forests all groping in the dark to formulate their plans.

In short, the regulations will be our specifications for building a land management plan. The lead forests program will provide the practical blueprint for the plans.

We plan to select one lead forest from each of the nine regions, if this is feasible. Exceptions may be made.

A vital part of our land management planning is our timber flow policy. As you know, sustained yield has been the byword of National Forest management for many years. When Congress passed the National Forest Management Act of 1976, it vigorously reinforced the sustained-yield policy.

In a section dealing specifically with timber removals, Congress directed us in this language: "Limit the sale of timber from each National Forest to a quantity equal to or less than a quantity which can be removed from such forest annually in perpetuity on a sustained yield basis."

Although the language says "limit the sale," the policy itself broadens rather than limits our flexibility. The Congress simply reinforced the concept contained in the Multiple Use-Sustained Yield Act of maintaining sustained yield as the philosophy for managing all National Forest resources, including timber.

But, to prevent misunderstandings and misinterpretations of the Congressional intent, the Congress elaborated on what is meant by sustained yield in perpetuity. Often referred to as "exceptions" to sustained yield, the three specific examples spelled out in the Act are more an elaboration of the Congress's definition of sustained yield.

First, the Secretary can set an allowable sale for any decade which departs from the projected long-term average. The only restraints are that it meet overall multiple use objectives, be consistent with land management plans, and include public participation.

Simply put, we have the flexibility, as we've always had, to change timber flow to meet the Nation's changing needs.

The Secretary also may sell more than the annual allowable sale in any year, as long as the average sales from that forest over the decade do not exceed the limit set in the plan. This means that we can, of course, vary the amount of timber offered from a forest from one year to the next. We can offer more when we anticipate a "run on the bank" and less when the market suggests that alternative.

By the way, the decade referred to here is to a "rolling decade," so that any 10-year period counts as a decade. But, it can also dovetail with the fixed decade that we use in National Forest management plans. Again, you see the tie of one resource to all others in land management planning.

The National Forest Management Act also provides for salvage and sanitation sales. This includes sales resulting from fire, windthrow, or other catastrophes, or stands which are dead or in imminent danger from insects or diseases. This timber can be sold in addition to the long-term sustained yield level.

This is particularly important, so that we can concentrate on improving the vigor of stands by thinning to make the survivors less susceptible to insects and disease.

It was in large part to help alleviate supply problems in the forest industry that we initiated RARE II, the second Forest Service Roadless Area Review and Evaluation.

I can make you two promises concerning RARE II. First, it will be completed this year. Second, we will identify and recommend to the Congress areas that we think should be designated wilderness. . .and we will return other areas to the working forest and identify their best uses.

Some people have suggested that the entire 62 million acres of Federal land in the roadless inventory will be recommended for wilderness or turned into de facto wilderness. This is nonsense.

When individuals such as Howard Zahniser and Dave Brower were testifying for what became the Wilderness Act of 1964, they envisioned a total wilderness system of some 60 million acres--made up, as I recall their proposals, of 20 million acres each from the National Forests, National Parks, and National Wildlife Refuges.

Secondly, the 1975 RPA Program developed by the Forest Service provides for a moderate but significant increase in National Forest wilderness, to about 25 to 30 million acres by the year 2020. At this point, I'd say the National Forests will ultimately have more than 30 million acres in wilderness. . .but not many millions of acres more than that.

We are looking at ways to serve all users of the National Forests, whether for wilderness, timber, or any other use.

I'm very pleased with the positive, broad view the President took in his recent anti-inflation message to the American Society of Newspaper Editors. He called on the Departments of Agriculture and the Interior, the Council on Environmental Quality, and his economic advisers to report to him within 30 days on "the best way to sustain expanded timber harvests from Federal, State and private land and other means of increasing lumber yield in ways that would be environmentally acceptable, economically efficient, and consistent with sound budget policy."

By including Federal, State and private lands in the study, he recognized that all lands are needed to do the job. And the emphasis on using environmentally acceptable methods insures that we will consider long-term consequences in responding to national contingencies.

We now have a draft of that report. It will be a little late getting to the President; the "cooks" involved are not unanimous in their recommendations or at least in their emphases. It looks toward options for dampening price increases for softwood timber through 1990. It is a relatively long-range look, beyond the three-or-four year cyclical changes that have characterized the industry since the '60s.

The problem, stated simply, is that prices for softwood lumber and plywood--as you well know--have increased dramatically over the past decade, relative to the overall rate of inflation.

From 1969 to 1977, the price of softwood lumber jumped 10 percent a year, compared to 6 percent for the rest of the private nonfarm sector. Even after adjusting for inflation, the relative price for lumber rose by 40 percent during this period.

The President's major concern is the effect on the housing market, since lumber and plywood account for about 15 percent of the construction cost of a single home.

Demographic trends tell us that prices will continue to rise into the mid-1980s. At that point, the post-war baby boom children will have generally formed their households, and some of the demand will ease. Yet, we still predict rising demand for softwood timber in other construction uses and for pulpwood.

Our projections indicate softwood sawtimber will fall short of demand by three to four billion board feet in 1985 and by seven to eight billion board feet in 1990, at the 1976-77 prices. However, the shortfall arises largely from an estimated big increase in the use of softwood sawtimber for pulpwood. Our 1976 data indicate that two-thirds of the southern pine timber inventory is in sawtimber size.

Although the study has not yet been sent to the President, I can share with you the general idea of the options we've discussed.

The option of increasing harvest on both Bureau of Land Management lands and the National Forests was discussed. This option promised to be generally very cost-effective for taxpayers, but also the most environmentally risky and costly.

The effects, of course, depend on the degree to which we might increase harvests on Federal lands. I'd like to state emphatically that we already have--and in many instances have used--the option to vary the harvest of National Forest timber to meet national and market needs. In fact, this is one of the greatest benefits of the Federal lands in relation to timber: They do not make the timber market what it is, they seek to even it out, and ameliorate the wild fluctuations that characterize this highly volatile market.

Even before the President's anti-inflation statement, we had raised the programmed sale on the National Forests to 12.2 billion board feet for Fiscal Year 1978.

This is an increase of 700 million board feet--enough to build 58,000 new houses--and enough to sustain 3,500 jobs for wood products workers, not to mention jobs in related industries.

Offering a great deal more timber from the National Forests would entail accelerating the harvest of old growth in the Pacific Northwest.

I won't define in detail the problems facing the Pacific Northwest timber industry--they are somewhat different than yours. But, I should mention that it faces two trends that are running a collision course.

First, the industry is now requiring fewer and fewer man hours for each unit of timber processed, and it will drop by another fourth in two decades. At the same time, the total timber supply is declining, mostly because industrial lands in the Pacific Northwest have been harvested at levels that could not be sustained.

Our estimates are that it will take another 20 years to reverse this trend in Oregon, for example.

Rapid acceleration of harvesting the old growth cannot reverse these trends, and it is not the long-term answer. We are constrained by our legal mandates for multiple use, by our concern for the economic stability of dependent communities, and by our responsibility to protect other resources. All these considerations continue to surface during our environmental analysis and public involvement.

So we are carefully analyzing the timber situation and looking at ways in which the National Forests can help dampen lumber price increases, while still meeting our other responsibilities.

In the study prepared for President Carter, we also looked at the option of increasing timber harvests on private lands. This option has a number of advantages.

It is potentially very cost-effective, an important consideration given President Carter's determination to balance the budget. With proper management, it is environmentally acceptable. It would give us an almost immediate payoff, in the 1980 and 1990 era, when the housing squeeze may be tightest. And, it would help a number of sections of the country, particularly the South. It would not, however, provide much help for western communities.

As an entirely separate option, we considered programs to accelerate reforestation on private lands. The projected results look good, but were not as outstanding as the option to increase timber harvests on private lands. The pluses for this option are: a greater return on investment than on most Federal lands, environmentally acceptable consequences, and lower per acre costs than on Federal lands.

The greatest apparent drawback is the long-term nature of this program. There would be no impact on supply before 1990, and very little before the year 2000.

Our fourth option is to increase the utilization of existing timber supplies. This would have little environmental effect, would have low to modest Federal costs, and would show an almost immediate increase in timber supplies, beginning in 1980. But, this option also has a number of question marks. For instance, the cost effectiveness could vary greatly, and some opportunities still need further testing.

I do not know which option or options the President will ask us to follow. But I am almost certain that no one option will crystallize into an ideal solution. To increase timber supplies over both the short and long term, we will have to use many, if not all, the opportunities that present themselves.

A high priority of this Administration is improving productivity of this Nation's private nonindustrial forest lands. The President, in his May 23, 1977, Environmental Message to the Congress, called this the "greatest challenge remaining to American forestry. . ." He directed Secretary Bergland to make a comprehensive study of the Federal Government's Cooperative Forestry programs. This study--entitled "The Federal Role in the Conservation and Management of Private Nonindustrial Forest Lands"--describes the problems owners face in managing their forests and the array of public and private program to help them. The report is providing USDA guidance in developing a new approach to private forestry assistance.

The Congress, too, is aware of the need to make these lands more productive. The three forestry bills now before the Congress, dealing with research, extension, and State and private forestry programs, complement the Department's efforts and would provide excellent vehicles for implementing our program. These bills have been carefully drawn up and represent a consensus within the forestry community. We are optimistic regarding the chances of their passage this year.

Another bill, recently introduced, deals with broader USDA activities but contains provisions directly responsible to the private forest lands report. The Farm Production Protection Act of 1978 would consolidate the Department's disaster relief programs with the Federal Crop Insurance Program. The program can offer a positive incentive to forest land-owners by overcoming the inherent risk and uncertainty in investments in forest land management. The bill includes "timber and forests" in the definition of agricultural commodities to be insured.

We will be working closely with the Federal Crop Insurance Corporation to provide them with data on timber as consideration of the bill progresses.

These activities at the Federal level should go hand-in-hand with activities at the State and local levels, both public and private, to encourage better management of the Nation's private nonindustrial forests.

You will notice that I've covered a lot of ground today. If there is one thread that runs throughout, I think it is the emphasis on the future.

I quoted Justice Brandeis earlier. I'd like to quote him again in closing. One thing he said applies to those of us who manage or use the public lands, as well as those who make the laws. He said:

If we would guide by the light of reason, we must let our minds be bold.

If we are to manage natural resources as they must be managed for the 21st Century, let bold ideas be our guide.

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